

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 9 — 0 1 9

2. STATE:

GEORGIA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

12-1-99

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

DCRAH 9 42 CFR 447.250-447.2999

7. FEDERAL BUDGET IMPACT:

a. FFY 2000 \$ 402.5 million

b. FFY 2001 \$ 380.8 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A

pp 29, 73, 78, 78a, 81

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A

pp 29, 73, 78

10. SUBJECT OF AMENDMENT:

INPATIENT SERVICES AND DSH EXPENDITURES

GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☒ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gary B. Redding

14. TITLE:

Director, Division of Medical Assistance

15. DATE SUBMITTED:

12/29/99

16. RETURN TO:

Georgia Community Health

Division of Medical Assistance

2 Peachtree Street, N.W.

Atlanta, Georgia 30303-3159

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

December 30, 1999

18. DATE APPROVED:

May 21, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

December 1, 1999

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Eugene A. Granger

22. TITLE: Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

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INPATIENT HOSPITAL SERVICES

- (4) A non-State hospital with the largest number of Medicaid admissions in its Metropolitan Statistical Areas; or
- (5) A children's hospital; or
- (6) A hospital that has been designated a Regional Perinatal Center by the Department of Human Resources; or
- (7) A Georgia hospital that has been designated a Medicare rural referral center and a Medicare disproportionate share hospital provider by its Medicare intermediary; or A Georgia hospital which is a Medicare rural referral center and which has 10% or more Medicaid patient days and 30% or more Medicaid deliveries; or
- (8) A State-owned or operated teaching hospital administered by the Board of Regents; or
- (9) A public hospital with less than 250 beds located in a non-metropolitan statistical area (non-MSA).

No hospital may be designated a disproportionate share hospital provider unless the hospital has at least two (2) obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to Medicaid recipients. This requirement does not apply to a hospital of which the inpatients are predominately individuals under 18 years of age or to a hospital which did not offer non-emergency obstetric services to the general population as of December 22, 1987. In the case of a hospital located in a rural area, the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.

DSH hospitals meeting any of the first eight criteria listed above will have an intensity allowance (payment adjustment) of 1 percent per year added to the trend factor. Hospitals which have a Medicaid inpatient utilization rate at least one standard deviation above the mean statewide rate will have an

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For less that acute care is not applicable nor required.

Unlike a per diem or percent of charge system, this reimbursement plan does not provide incentives for prolonging a patient's stay. If a patient remains in the hospital beyond the time of the medical necessity, the effect is to reduce the daily reimbursement rate.

VII. Provider Participation

This plan is designed to assure adequate participation of hospitals in the Medicaid program, the availability of hospital services of high quality to recipients, and services within which are comparable to those available to the general public.

VIII. Revisions

The plan will be revised as operating experience data are developed and need for changes is necessary in accordance with Federal and State regulations. If it is found that there are insufficient controls on utilization transfers or cost, or if the Department determines that a different reimbursement method is warranted, the Department maintains its right to discontinue this system upon appropriate public notice of the proposed change.

IX. Payment in Full

A. Participating in-state providers must accept the amount paid in accordance with the Georgia Title XIX Inpatient Hospital Reimbursement Plan as payment in full for covered services.

B. Settlement

For payments occurring each calendar year, a comparison of a hospital's total Medicaid payments and its total charges will be made after completion of the calendar year. Except for hospitals receiving designation as a Critical Access Hospital in Georgia, a refund will be due from the hospital for any amount by which total Medicaid payments are in excess of a hospital's total charges for Medicaid patients.

For enrolled non-Georgia hospitals, the comparison will

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XX. Revisions

Due to revisions to the methods and standards for establishing payment rates for inpatient services, the following identifies previous methods and standards which are no longer in effect:

<u>section</u>	<u>page(s)</u>	<u>date no longer effective</u>
I.E - I.G	1-2	on or before October 9, 1997
II.B	2	on or before October 9, 1997
II.D	3 (lines 14-29) only	on or before October 9, 1997
V.A.1	8	on or before October 9, 1997
V.A.2 line 6-line 40	9	on or before October 9, 1997
V.B	10-16	on or before October 9, 1997
V.C	17-24	on or before October 9, 1997
V.E-F	25-28	on or before October 9, 1997
V.G	31 (line 13)-34 (line 1) only	on or before December 1, 1999
V.G	34 (line 10)- 42 (line 15) only	on or before December 1, 1999
V.G	42 (line 21)-43 only	on or before October 9, 1997
V.H	46 (lines 26-32) only	on or before October 9, 1997
V.I	48 (lines 18-19) only	on or before October 9, 1997
X	50-52	on or before October 9, 1997

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C. New Medicaid Providers

Prospective payment rates for established facilities which did not submit a hospital-specific Medicare cost report because the facility did not participate in the Medicaid program will be determined in the same manner as a new facility stated in section III.A.

IV. DRG Grouper

On or after October 1, 1999, the grouper used to classify cases into DRG categories will be changed from CHAMPUS Grouper version 15.0 to CHAMPUS Grouper version 16.0. The grouper used to assign claims to DRG categories, as well as the corresponding DRG weights and threshold amounts, may be updated periodically.

V. Other Rate Adjustments

For payments on or after December 1, 1999, subject to the availability of funds, hospitals designated by the Georgia Department of Human Resources as Regional Perinatal Centers will be eligible for rate payment adjustments. These hospitals provide intensive care to high risk neonatal patients and incur significant unreimbursed costs associated with the provision of such services. Rate adjustment amounts for neonatal services provided to Medicaid patients will be determined:

- For non-public hospitals, subject to the upper payment limit for inpatient services, by measuring the incremental difference in aggregate payments if Medicaid payment rates were set equal to a measure of current market rates. For fiscal year 2000, rate adjustment payments will be approximately 45% of the difference between Medicaid and current market rate. The identification of market rates will be based on payment rates used by the Department of Community Health for services provided to those covered by the State Health Benefit Plan.
- For public hospitals, subject to the upper payment limit for inpatient services, by the difference between each hospital's charges and DRG-based payments for inpatient services provided to Medicaid patients.

These rate payment adjustments will be made on a monthly, quarterly or annual basis for lump-sum amounts and will be determined in a manner that will not duplicate compensation provided from payments for individual patient claims.

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For payments on or after December 1, 1999, subject to the availability of funds, hospitals will be eligible for rate payment adjustments for providing the following program services for the Georgia Department of Human Resources: AIDS Clinic, Poison Control Center, Genetics/Sickle Cell Screening and Maternal and Infant Health Services. Hospitals can incur significant unreimbursed costs associated with the provision of such services. Subject to the upper payment limit for inpatient services, rate adjustment payments will be based on the difference between each hospital's charges and DRG-based payments for inpatient services provided to Medicaid patients. These rate payment adjustments will be made on a monthly, quarterly or annual basis for lump-sum amounts and will be determined in a manner that will not duplicate compensation provided from payments for individual claims.

For payments on or after December 1, 1999, subject to the availability of funds, hospitals participating in the residency grant programs administered by the Georgia Board for Physician Workforce will be eligible for rate payment adjustments. These hospitals operate post-graduate training programs for physicians preparing to enter family practice and other medical specialties and incur significant graduate medical education costs associated with the operation of such training programs. The payment adjustments will be calculated as described below:

- For non-public hospitals, using the Medicaid share of indirect medical education costs, using Medicare principles of reimbursement.
- For public hospitals, subject to the upper payment limit for inpatient services, based on the difference between each hospital's charges and DRG-based payments for inpatient services provided to Medicaid patients.

These rate payment adjustments will be made on a monthly, quarterly or annual basis for lump-sum amounts and will be determined in a manner that will not duplicate compensation provided from payments for individual patient claims.

For payments on or after December 1, 1999, subject to the availability of funds, any state-owned or operated teaching hospital will be eligible for an inpatient rate payment adjustment. Such a hospital can incur significant unreimbursed medical education and other operating costs. The payment adjustment will be the difference between the hospital's Medicaid reimbursement rate per admission, exclusive of any DSH payment adjustments, and the hospital's calculated rate per admission using Medicare principles of reimbursement. The adjustment results in reimbursement of reasonable cost of inpatient hospital services provided to Medicaid patients and will be made on a monthly, quarterly

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or annual basis for lump-sum amounts and will be determined in a manner that will not duplicate compensation provided from payments for individual patient claims.

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TN No. 99-019
Supersedes
TN No. New

Approval Date MAY 21 2001

Effective Date DEC 01 1999

METHODS AND STANDARDS FOR ADDITIONAL DSH EXPENDITURES

Effective for DSH payment adjustments made on or after December 1, 1999, the following methodology will be used for determining payment amounts:

- For each federal fiscal year, the amount of DSH allotment funds available for DSH payment adjustments will be determined.
- Hospitals that meet federal DSH criteria and that meet at least one Division of Medical Assistance DSH criterion will be eligible to receive an allocation of available DSH allotment funds.
- The maximum amount of all DSH payments to each hospital will not exceed a hospital's unreimbursed costs for services to Medicaid and uninsured patients.
- The maximum amount of all DSH payments to each hospital will be reduced by any DSH payments for other uses or purposes to determine an amount for the maximum DSH payment adjustment.
- The amount of DSH allotment funds available for DSH payment adjustments will be allocated among eligible hospitals. For non-public hospitals that are in urban areas or that have more than 99 beds (or 199 beds for payments made after December 15, 2000), 50% of the maximum DSH payment adjustment will be used as the basis for any allocation. For all other eligible hospitals, 100% of the maximum DSH payment adjustment will be used as the basis for any allocation.
- Hospitals with less than 100 beds located in rural counties will receive a payment adjustment for the maximum amount, subject to maximum limitations described above.
- For all other eligible hospitals, the payment adjustment will be determined as follows:
 - An aggregate amount of maximum DSH payment adjustments for use as an allocation basis will be calculated.
 - Hospital-specific percentages will be calculated by dividing each hospital's allocation basis by the aggregate amount. The hospital-specific percentage will be applied to the amount of DSH allotment funds available for payment adjustments to determine the amount of funds that may be paid to each hospital, subject to maximum limitations described above.

While the fifth and last bullets both use the term "for all other eligible hospitals," the terms refer to different groups of hospitals. As described in the fifth bullet, 50% of the maximum DSH payment adjustment is used as the basis for allocation for hospitals that meet either of the following conditions: non-public hospitals in urban areas; non-public hospitals in rural areas that have more than 99 beds (or 199 beds for payments made after December 15, 2000).

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For the fifth bullet, “all other eligible hospitals” are public hospitals and non-public hospitals in rural areas with less than 100 beds (or 200 beds for payments made after December 15, 2000), for which 100% of the maximum DSH payment adjustment is used as the basis for allocation.

As described in the sixth bullet, hospitals with less than 100 beds located in rural counties will receive a payment adjustment for the maximum amount, subject to other limitations described previously in the policy. For the last bullet, “all other eligible hospitals” refers to hospitals meeting either of the following conditions: hospitals located in urban areas; hospitals located in rural counties and with more than 99 beds. For these hospitals, the payment adjustment amount is based on an allocation of remaining available funds.

The last bullet applies to hospitals located in urban areas or located in rural counties and with more than 99 beds. For each of these hospitals, an allocation basis is determined by measuring the unreimbursed cost for services to Medicaid and uninsured patients and applying an adjustment factor of either 50% or 100%. All hospital allocation basis amounts are summed to calculate an aggregate amount. A hospital specific percentage is calculated for each hospital by dividing the hospital’s allocation basis amount by the aggregate amount. The hospital specific percentage is then applied to the total amount of funds available to determine the amount of a hospital’s payment adjustment. The following example demonstrates how these calculations are applied:

Hospital A unreimbursed cost for services to Medicaid and uninsured = \$20,000,000
Hospital A adjustment factor = 50%
Hospital A allocation basis = $\$20,000,000 \times 50\% = \$10,000,000$
Aggregate amount = sum of Hospital A + other allocation basis amounts = \$500,000,000
Hospital A percentage = $\$10,000,000 / \$500,000,000 = 2\%$
Remaining funds available = \$300,000,000
Hospital A adjustment payment = $2\% \times \$300,000,000 = \$6,000,000$